

SENATE FINANCE COMMITTEE SUBSTITUTE FOR
SENATE BILL 170

46TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2004

AN ACT

RELATING TO PIPELINES; CREATING THE PIPELINE SAFETY FUND;
AUTHORIZING THE IMPOSITION OF PIPELINE SAFETY INSPECTION FEES
BY THE PUBLIC REGULATION COMMISSION; MAKING AN APPROPRIATION.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of the Pipeline Safety Act is
enacted to read:

"~~[NEW MATERIAL]~~ PIPELINE SAFETY FUND--CREATED--ASSESSMENT
AND COLLECTION OF FEES.--

A. The "pipeline safety fund" is created in the
state treasury for the purpose of enhancing the staffing and
training of the pipeline safety bureau of the commission with
the goal of assuming the function of inspection of interstate
as well as intrastate pipelines. The fund shall consist of
fees collected pursuant to Subsection D of this section,

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underscored material = new
[bracketed material] = delete

1 appropriations, gifts, grants, donations and earnings from
2 investment of the fund. Balances in the fund shall not be
3 transferred to the general fund at the end of any fiscal year.

4 B. The pipeline safety fund shall be administered
5 by the commission. Money in the fund is appropriated to the
6 commission to carry out its duties pursuant to the provisions
7 of the Pipeline Safety Act and Chapter 62, Article 14 NMSA
8 1978.

9 C. Payments from the pipeline safety fund shall be
10 made upon vouchers issued and signed by the director of the
11 administrative services division of the commission or the
12 director's authorized representative upon warrants drawn by the
13 secretary of finance and administration.

14 D. The commission shall collect annual pipeline
15 safety fees for the duties relating to inspection of intrastate
16 pipelines from persons subject to the Pipeline Safety Act in
17 accordance with and not to exceed the following amounts:

18 (1) for the transportation of gas:

19 (a) two dollars (\$2.00) per domestic
20 service line;

21 (b) thirty-five dollars (\$35.00) per
22 commercial service line;

23 (c) thirty-five dollars (\$35.00) per
24 mile of line for the transportation of gas subject to
25 inspection by the pipeline safety bureau, with a minimum

1 assessment of four hundred dollars (\$400); and

2 (d) one hundred dollars (\$100) per
3 master meter, direct sales lateral or liquified petroleum gas
4 system; and

5 (2) for the transportation of oil, thirty-five
6 dollars (\$35.00) per mile of transmission line subject to
7 inspection by the pipeline safety bureau, with a minimum
8 assessment of four hundred dollars (\$400). A fee shall not be
9 assessed on mileage under the jurisdiction of or inspected by
10 the federal department of transportation.

11 E. The commission shall annually conduct a public
12 review of the fees collected and payments made from the fund
13 and provide a summary to the legislative finance committee and
14 the department of finance and administration. Based upon its
15 findings, the commission shall adjust the annual fee rates
16 authorized by Subsection D of this section in order to collect
17 only that amount estimated to be necessary to carry out the
18 provisions of the Pipeline Safety Act and Chapter 62, Article
19 14 NMSA 1978; provided that the fees shall not be greater than
20 the amounts set forth in Subsection D of this section."

21 Section 2. A new section of the Pipeline Safety Act is
22 enacted to read:

23 "[NEW MATERIAL] MASTER METER OUTREACH AND EDUCATION.--On
24 the effective date of this legislation, the commission shall:

25 A. commence a continuing industry outreach to

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1 coordinate and conduct education and certification programs
2 concerning pipeline safety laws and regulations with respect to
3 master meters;

4 B. develop agreements with the building and
5 construction oversight divisions of the state and of local
6 governments with the intent of minimizing dual jurisdiction of
7 master meters; and

8 C. apply the waiver provisions of Section 70-3-16
9 NMSA 1978 to violations of safety regulations pertaining to
10 master meters occurring prior to July 1, 2004."

11 Section 3. Section 70-3-12 NMSA 1978 (being Laws 1969,
12 Chapter 71, Section 2, as amended) is amended to read:

13 "70-3-12. DEFINITIONS.--As used in the Pipeline Safety
14 Act:

15 A. "person" means an individual, firm, joint
16 venture, partnership, corporation, association, state,
17 municipality, political subdivision, cooperative association,
18 joint stock association or any combination thereof and includes
19 any receiver, trustee, assignee or personal representative
20 thereof;

21 B. "commission" means the public regulation
22 commission;

23 C. "gas" means natural gas, flammable gas or gas
24 that is toxic or corrosive;

25 D. "oil" means crude oil and liquid hydrocarbons

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1 and manufactured products derived from either;

2 E. "transportation of gas" means the gathering,
3 transmission or distribution of gas by pipeline or its storage,
4 except that it shall not include the gathering of gas in those
5 rural locations that lie outside the limits of any municipality
6 or unincorporated city, town or village or any residential or
7 commercial area such as a subdivision, a business or shopping
8 center, a community development or any similar populated area
9 that the commission may define by order as a nonrural area;

10 F. "transportation of oil" means the transmission
11 of oil by pipeline, except pipelines operated exclusively for
12 the gathering of oil in any field or area or pipelines
13 constituting a part of any tank farm, plant facilities of any
14 processing plant, gasoline plant, refinery, carbon-black plant,
15 recycling system or similar operations;

16 G. "gas pipeline facilities" means new and existing
17 pipeline rights of way and any equipment, facility or structure
18 used in the transportation of gas or the treatment of gas
19 during the course of transportation;

20 H. "oil pipeline facilities" means new and existing
21 pipeline rights of way and any equipment, facility or structure
22 used in the transportation of oil; ~~and~~

23 I. "intrastate pipeline facilities" means oil
24 pipeline facilities or gas pipeline facilities within the state
25 that are not gas pipeline facilities subject to the

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1 jurisdiction of the federal energy regulatory commission
2 pursuant to the federal Natural Gas Act or oil pipeline
3 facilities used in the transportation of oil in interstate or
4 foreign commerce, except that it shall include pipeline
5 facilities within the state that transport gas from an
6 interstate gas pipeline to a direct sales customer within the
7 state purchasing gas for its own consumption;

8 J. "distribution main" means a pipeline other than
9 a gathering or transmission line that serves as a common source
10 of supply for more than one service line;

11 K. "master meter" means a pipeline system for
12 distributing gas within, but not limited to, a definable area,
13 such as a mobile home park, housing project or apartment
14 complex, where the operator purchases metered gas from an
15 outside source for resale through a gas distribution pipeline
16 system. The master meter system supplies the ultimate consumer
17 who either purchases the gas directly through a meter or by
18 other means such as by rents, as more fully set forth in
19 federal laws and regulations; and

20 L. "service line" means a pipeline that transports
21 gas from a common source of supply, such as a distribution
22 main, to:

23 (1) a customer meter or the connection to a
24 customer's piping, whichever is further downstream; or

25 (2) the connection to a customer's piping if

1 there is no customer meter. A "customer meter" is the meter
2 that measures the transfer of gas from an operator to a
3 consumer."

4 Section 4. A new section of the Public Utility Act is
5 enacted to read:

6 "[NEW MATERIAL] PIPELINE SAFETY FEE.--A public utility
7 that is assessed a pipeline safety fee shall be entitled to
8 collect the fee from its rate payers without the requirement of
9 a request for a change in rates. The utility shall notify the
10 commission in writing of the imposition and amount of the fee
11 and, if practicable, shall show the fee as a separate line item
12 on its bill statements to consumers."

13 Section 5. EFFECTIVE DATE.--The effective date of the
14 provisions of this act is July 1, 2004.